

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15  
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01  
/095 W

-----101135Z 123038 /10

P R 101030Z FEB 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 0024

INFO USDEL MTN GENEVA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 1101

E.O. 11652: GDS

TAGS: ETRD, GATT, BR

SUBJ: BRAZILIAN IMPORT RESTRICTIONS ON X-RAY FILM

REF: (A) MTN GENEVA 0195 (B) MTN GENEVA 0196

(C) STATE 017450

1. FOLLOWING INFORMATION OBTAIN BY CONGEN RIO FROM  
CACEX (FOREIGN TRADE DEPT./BANCO DO BRASIL) AND INDUSTRY  
SOURCES. INFO KEYED TO REF C REQUESTS:

(1) CACEX CONFIRMS IMPORT QUOTAS OF ONE MILLION  
SPUARE METERS (NOT RPT NOT 10 MILLION SQUARE FEET AS  
CITED REF A). NO OFFICIAL DECREE HAS BEEN PUBLISHED  
AND CACEX SOURCES WILL RELEASE NO FURTHER INFORMATION  
ON NEW RESTRICTIONS.

(2) CONGEN OFFICERS ARE IN CONTACT WITH THE  
BRAZILIAN RADIOLOGY SOCIETY IN CONNECTION WITH THE  
WORLD RADIOLOGY CONGRESS TO BE HELD IN RIO LATER  
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THIS YEAR, WILL KEEP ABREAST OF ANY ACTIONS SOCIETY MAY  
CONTEMPLATE, AND WILL PROVIDE SOCIETY INFORMALLY AND  
IF ASKED DATA THAT MIGHT BE USEFUL.

(3) ACCORDING TO INDUSTRY SOURCES, THE  
CURRENT MARKET FOR ALL X-RAY FILM IS ESTIMATED AT  
4.6 MILLION SQUARE METERS ANNUALLY (NOT RPT NOT 48

MILLION SQUARE FEET AS CITED REF A). NO PROJECTIONS ARE AVAILABLE FOR FUTURE INCREASE. SAKURA'S PRODUCTION CAPACITY IS REPORTED AT 3.6 MILLION SQUARE METERS ANNUALLY BUT ONLY PRODUCED AN ESTIMATED 800,000 SQUARE METERS IN 1976. SAKURA IS REPORTEDLY SUFFERING QUALITY-CONTROL PROBLEMS, HIGH OPERATING COSTS, AND HAS LOST AS MUCH AS US DOLS 7 MILLION ANNUALLY IN THE PAST TWO YEARS. LOCAL PRODUCTION IS SOLD AT PRICES COMPETITIVE WITH IMPORTS (CIF PLUS DUTY AND IMPORTERS' MARK-UP). ONE RESULT OF THE NEW QUOTAS WILL BE TO PERMIT SAKURA TO INCREASE PRICES TO REFLECT THEIR HIGHER COSTS. PRESUMABLY, QUOTA HOLDERS (SEE BELOW) WILL ALSO BE ABLE TO SELL AT THESE HIGHER PRICES. THUS, GIVEN THESE PRICE CONSIDERATIONS AS WELL AS THE RELATIVELY LIMITED CAPACITY, DEVELOPMENT OF EXPORT MARKETS FOR BRAZILIAN X-RAY FILM IS CONSIDERED UNLIKELY.

(4) IMPORT DATA HAVE NOT BEEN PUBLISHED BUT WRE PROVIDED BY CACEX (FIGURES IN US DOLS MILLION):

	1975	1976 (JAN-JUNE)
PLATES (37.01.01.00)-- TOTAL -	8.205	5.219
MEXICO	4.814	3.627
JAPAN	1.666	1.058
BELGIUM	.576	-0-
U.S.	.442	.467
ROLLS (37.02.01.00)-- TOTAL -	1.563	2.369
FRG	.336	1.177

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JAPAN	.906	.329
U.S.	.176	.342

(5) NEW QUOTAS, TO BE ADMINISTERED BY CACEX, ARE ON A COMPANY BASIS, USING THE PAST SEVERAL YEARS' MARKET SHARES AS CRITERIA. KODAK WILL GET 70 PERCENT, DUPONT 15 PERCENT, AND "INDUSTRIA BRASILEIRA DOS FILMES" 15 PERCENT. (IBF IS BRAZILIAN-OWNED PRODUCER OF PHOTOGRAPHIC FILM AND SUPPLIES, AND IMPORTS ARGENTINE AND BELGIAN KODAK X-RAY FILM.) THERE ARE NO PROVISIONS FOR QUOTA EXPANSION. AGFA, 3M, AND FUJI DO NOT GET QUOTAS UNDER THE SYSTEM SINCE THEY HAVE NOT BEEN MAJOR SUPPLIERS IN RECENT YEARS. THERE IS NO LAFTA QUOTA PER SE, ALTHOUGH MUCH OF THE EXPECTED SUPPLY WILL COME FROM MEXICO AND ARGENTINA.

2. COMMENT: IN VIEW OF THE ABOVE DATA, IN ADDITION TO REFS A AND B, EMBASSY DOES NOT BELIEVE ANY OFFICIAL

REPRESENTATION TO THE GOB ON X-RAY FILM IMPORT  
RESTRICTIONS WOULD HAVE ANY CHANCE OF SUCCESS.  
EVEN HIGH-LEVEL REPRESENTATIONS ON OTHER ITEMS OF  
CONSIDERABLY HIGHER US EXPORT VALUE, SUCH AS LIGHT  
AIRCRAFT AND APPLES AND PEARS, HAVE BEEN TURNED DOWN  
BY GOB WITH VIRTUALLY NO HOPE FOR RECONSIDERATION.

3. THE EMBASSY FULLY APPRECIATES THE IMPLICATIONS  
OF DUPONT FILING A SECTION 301 COMPLAINT. NEVER-  
THELESS, WE DO NOT BELIEVE OUR CASE IMPRESSIVE ENOUGH,  
NOR IS THE PRESENT BILATERAL CLIMATE WARM ENOUGH,  
TO APPROACH THE GOB PRODUCTIVELY ON THIS MATTER.  
EMBASSY, THEREFORE, RECOMMENDS THAT ANY DISCUSSION  
OF THIS SITUATION BETWEEN USG AND GOB OFFICIALS BE  
LIMITED FOR THE TIME BEING TO THE GATT ARTICLE  
XXVIII NEGOTIATIONS.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**Review Markings:**  
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